

he began using drugs oftener. "I used to get morphine from a doctor here in Lorain," he said. "He's dead now."

Gay said that a John S. a Cleveland Negro, "had connections" for getting heroin.

"I was buying for my own use," Gay said. John S. brought in the federal agent. In my case, the police claimed I sold the agent \$1,370 worth of heroin. I've never seen this money."

Gay said "the buys" (for heroin) were all set up in advance. John S., Gay said, set them up.

Speaking of his use of drugs, he said:

"It calmed my anxieties, my nerves, and lessened my sex inhibitions. After I had used it too long, I knew I was physically and psychologically addicted.

"I took it during the height of Dixie Construction," Gay said, explaining he had built 40 or 50 homes in the low-price range.

Gay's barmaid, Virginia Orr, and her brother, Curtis, were convicted also in cases growing out of the purchases made by undercover cover agents at Gay's tavern.

"The Orrs used drugs before I knew them. They used what I gave them. We used it together," Gay said.

"I'm sorry for what I did. I can't turn back the clock," he said.

Gay said he was "mentally unbalanced" by narcotics when he bigamously married Virginia Orr in Chicago in 1961. Gay said that after the second-floor bowling alleys above his tavern were destroyed by fire, he built an apartment over his tavern where Miss Orr lived.

He said the reason he pleaded guilty to six counts of illegal possession of narcotics in 1962 was because he could not "tell my wife and family about Virginia Orr."

His bigamous marriage, he said, is now invalid or the original marriage contract was illegal. (Gay's wife, Dorothy, divorced him shortly after he went to the prison hospital.)

Gay said Miss Orr was in the Lexington hospital twice while he was there, once because of her sentence, and again voluntarily.

"I tried to get her to school. She was in Lexington five months the second time. I got her enrolled in a federally subsidized school, took her to classes. She went three times and dropped out.

"If she ever needs help, I'll help her," Gay said.

Gay charges a conspiracy sent him to prison.

"There was a conspiracy but I broke the law; the sentence was not justified," he said.

He said that during the years he worked, "I gave everything materially to my wife. I signed everything over to her after my arrest. We agreed about the divorce. We discussed getting together when I got out. I gave her everything materially, but I didn't keep love in the home."

Gay said his former wife has recently returned to him cognovit notes from persons who owed him money.

Gay said he has an apartment building in Cleveland which he is selling on land contract. He draws income from that.

Olimpio Giannini, owner of the Antlers Hotel in downtown Lorain and a bootlegger during prohibition days, said Gay approached him with a business proposition after Gay's release in January.

"I told him I didn't want a sporting house here," Giannini told reporters.

Are you in prostitution? reporters asked Gay.

"I can make money easier than that. I won't go in that direction," he replied.

Gay wound up the interview by relating "a trip" he took on LSD while at Lexington. He said he also tested barbiturates, drugs used in the national space program, and marijuana.

Reporters tried to interview Miss Orr, calling at her downtown Lorain apartment and at the home of her parents in Sheffield but were unable to contact her.

From official sources, they learned that Miss Orr, now unemployed, had been a close friend of Leroy Burns.

Burns is one of six defendants under indictment in a theft of thousands of pills from a Cleveland wholesale drug firm earlier this year.

VICE RAID NETS LORAIN HOTEL BOSS

LORAIN.—Olimpio Giannini, owner of four Lorain hotels, was released on \$5,000 bond after being charged late Friday with keeping a place for prostitution, procurement and attempted carnal knowledge of a 15-year-old girl.

Giannini, 72, was one of four men arrested Friday night in a prostitution raid at his Antlers Hotel, largest hotel in Lorain.

The Antlers is located just a half block from the Lorain City Hall and police station.

The three other men who were arrested and charged are Joseph Church, 39, of 1038 W. 21st Street, a bellboy and bartender at the Antlers; and Frederick L. Atkinson, 30, and Lawrence Keegan, 24, residents of the hotel.

The four were arraigned before Lorain Municipal Judge John Kolena. Giannini will have a preliminary hearing July 14 on the charges.

Atkinson is charged with five counts of procurement, three counts of carnal knowledge of the 15-year-old and harboring a female for prostitution. His bond was set at \$17,500.

Church and Keegan, charged with carnal knowledge of the 15-year-old, had bond set at \$2,500 each.

Lorain police said their investigation was aided by the 15-year-old girl who gave statements about previous experiences at the Antlers. She is being held in the Juvenile Detention Home.

B + C Comm U.S. PARTICIPATION IN FIAT-SOVIET AUTOMOBILE PLANT

(Mr. ASHLEY (at the request of Mr. HECHLER of West Virginia) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ASHLEY. Mr. Speaker, it is my privilege to be chairman of the Subcommittee on International Trade which reports to the House Committee on Banking and Currency. During hearings on April 11 and 12, relative to the Export-Import Bank, the question was raised as to whether the Bank should be permitted to extend up to \$50 million in credits to cover purchases in the United States of machine tools for the Fiat automobile plant to be constructed in the U.S.S.R.

This led to additional questions as to whether the U.S. Government should permit at this time the expansion of trade with the Soviet Union and the Communist countries of Eastern Europe, and whether the Export-Import Bank should be allowed to finance such expanded trade. These questions, as well as statements made recently before this body and to the press, have made it clear to me that there are widespread misunderstandings and misconceptions with respect to the Fiat-Soviet automobile plant transaction in particular and to our Government's East-West trade policy in general.

For more than 3 months a bipartisan group of members of the International Trade Subcommittee—Representatives JAMES HARVEY, CHESTER L. MIZE, THOMAS

M. REES, and myself—devoted intensive study to the Fiat transaction, including discussions in depth with U.S. Government officials and representatives of the American machine tool builders industry. Between December 7 and 19, 1966, we traveled to Italy and the Soviet Union as well as to other countries.

We discussed in further detail the Fiat transaction with officials of the Italian and Soviet Governments, with officials of the Italian Fiat automobile company, and with other private industrial and banking representatives. Our report, representing the combined opinions of the four of us who conducted this intensive study, was published on March 1, 1967.

Perhaps it will be useful, Mr. Speaker, to set forth the basic facts regarding this proposed Fiat-Soviet auto plant which explain why my subcommittee colleagues and I endorsed U.S. participation in this transaction by allowing exports of U.S. machine tools with Export-Import Bank financing. Our position was based upon these findings:

First. Permitting U.S. firms to supply, and Export-Import Bank to finance, up to \$50 million worth of U.S. machine tools for installation in the Fiat automobile assembly plant in the U.S.S.R. will not jeopardize the national security and welfare of the United States.

We are assured that the Department of Commerce will carefully review each application for the export of all tools and equipment for this automobile plant in the Soviet Union. Equipment normally required for the manufacture of light automobiles, like the Fiat passenger cars to be built in this plant, has already been determined by the Commerce Department to be peaceful goods. Based on my personal discussions with Commerce Department officials during our study of this transaction, I am confident that, as required by section 3(a) of the Export Control Act, they will not approve any machine tool exports to the U.S.S.R. that would be detrimental to U.S. national security and welfare.

All of the equipment involved has well-established uses in the production of civilian-type automobiles, but some might also be used for strategic purposes. The Department of Commerce has announced that export approval of such equipment would be less likely. The Department assures us that it will evaluate such equipment against a number of factors before acting on export applications. Factors that will be considered are—

First. What are the alternative uses of the equipment, and are these of military significance?

Second. Are the quantities and types of equipment requested normal for the job and for this proposed plant? The risk of diversion from automobile production to strategic uses will be carefully assessed.

Third. Is comparable equipment available abroad? Would U.S. export denial effectively prevent Fiat and the Soviets from obtaining such equipment from non-U.S. sources?

Fourth. Does the equipment incorporate significant technology that is extractable?

Fifth. Would export approval ad-

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versely affect production of equipment for the U.S. defense effort?

Sixth. Is the equipment ordered by Fiat from the United States an integral part of a large package and, therefore, unlikely to be used for any other purpose?

In weighing these factors the Department of Commerce will consult the Departments of Defense and State and other interested agencies.

Department of Commerce officials have informed me that, according to their technical advisers, only a few of the machines expected to be ordered by Fiat are likely to have alternative uses in the production of military vehicles or other items. This is because machine tools for the production of the small Fiat cars and their components generally are not applicable to the production of heavier components required for military vehicles. Moreover, spokesmen for the American machine tool builders industry have advised our subcommittee group that there is no domestic shortage of automotive machine tools of the types likely to be installed in the Fiat plant. Current order backlogs of the American firms are considered normal.

Our subcommittee group concluded that some exports of autos from this plant may develop, but we are convinced that such exports would be small. Several reasons support this conclusion. The types of Fiat autos to be produced will be specially adapted to peculiar Soviet needs in terms of road and weather conditions, and they are likely to have very limited sales appeal elsewhere. Moreover, internal demand in the U.S.S.R. far exceeds its current and proposed automobile production goals. Finally, the new plant is not scheduled to enter into full capacity production until 1974—7 years from now.

In evaluating the risk to our national security and welfare, we should not overlook the magnitude of the Soviet capital investment for this plant. We should consider also the additional capital investments they will later need to make for roads, service stations, gasoline, steel and other production materials. Needless to say, the capital that the Soviets invest in this plant and these related activities will not be available for investment in military production.

Second. The Fiat-Soviet automobile assembly plant will provide benefits to the United States and the free world.

Secretary of Commerce Trowbridge wrote our distinguished colleague, the gentleman from Texas, WRIGHT PATMAN, chairman of the Banking and Currency Committee, on April 12 of this year that—

The product of this plant—light automobiles—is a peaceful item which will in the years to come provide better transportation and increase the standard of living for the people of the USSR, even though the first customers may be their government officials.

I agree with this. It is in our national interest to encourage through peaceful trade with the Soviet Union the improvement of their consumer economy. Even if the Soviet leaders try to keep these Fiat autos from public consumption by restricting their use to Soviet Govern-

ment officials, I believe that the clamor of the Soviet people for these cars will compel the Soviet leaders to make them available before long to the Soviet people.

The \$50 million that U.S. firms will get for their equipment and the additional returns accruing from sales of their foreign affiliates and licensees should help to improve our balance of international payments, to provide profits for American manufacturers, and to sustain wages and work for American labor. Certainly these are worthwhile benefits to the United States.

Third. The Fiat-Soviet automobile plant will be constructed even if the United States refuses to participate with equipment exports and financing.

Intensive study of this matter has convinced me that our refusal to permit equipment exports and/or credit will not prevent this plant from being constructed by Fiat in the Soviet Union. This conclusion is based on discussions with government and industry officials, here and abroad. In his April 12 letter to Chairman PATMAN, Secretary of Commerce Trowbridge stated:

It is also quite clear that with or without U.S. equipment or financing the USSR can obtain this and other modern light automotive manufacturing plants from Italy and other Western European countries.

In the face of this judgment, it is difficult to understand why we should deprive American business and American labor of the benefits that will accrue from U.S. participation, or why we should want to impair U.S. relations with Italy and the Soviet Union. We would be cutting off our nose to spite our face.

Fourth. The proposed Fiat-Soviet automobile assembly plant has the solid support of the administration.

President Johnson and the late President Kennedy have been given solid support for this transaction by the Departments of Defense—including the Joint Chiefs of Staff—State, and Commerce, as well as the Export-Import Bank and other interested agencies.

It is in full accord with U.S. Government policy to maintain contacts with the Soviets which can lead to more normal relations and to encourage the Soviet leaders and people toward peaceful cooperation and open societies. Trade in peaceful goods with the U.S.S.R. and the Eastern European countries helps us to achieve these objectives by promoting contacts and exchanges.

This transaction, like other peaceful trade actions, represents a constructive step toward achieving that "balanced strategy for peace" and the diminution of mutual suspicions and fears that has long been the policy of the United States.

If ever we are to use our trade policies and measures flexibly and purposefully—instead of negatively or passively—to promote a wider range of constructive relationships between the U.S.S.R. and the United States, then now is the time and this Fiat-Soviet auto plant is one of the means.

Fifth. The Vietnam war should not deter us from acting at this time but should, instead, impel us to act now.

It is easy—and perhaps even popular—to say that we should drop the Fiat matter until the Vietnam war ends.

I urge U.S. participation in this transaction now because I am firmly convinced that this is the right thing to do at this time. By seizing the opportunity at hand, we will be acting in a constructive manner to ameliorate the international situation outside the Vietnam orbit.

In the final analysis, Mr. Speaker, the Congress has a responsibility to support and implement our Nation's foreign policy. President Johnson defined our objectives last October 7 when he said:

Our task is to achieve a reconciliation with the East—a shift from the narrow concept of coexistence to the broader vision of peaceful engagement.

Americans are prepared to do their part. Under the last four Presidents, our policy toward the Soviet Union has been the same. Where necessary, we shall defend freedom; where possible we shall work with the East to build a lasting peace.

We do not intend to let our difference on Vietnam or elsewhere prevent us from exploring all opportunities. We want the Soviet Union and the nations of Eastern Europe to know that we and our allies shall go step by step with them as far as they are willing to advance.

In summary, Mr. Speaker, it strikes me that it is in our enlightened self-interest to promote closer relationships, including trade with the Soviet Union, at this time. I am not unmindful of the fact that the Soviets are supplying North Vietnam with arms and materiel that are being used against our fighting men. Nevertheless, our basic purpose is to achieve a stable and lasting peace, and this requires not only that aggression be thwarted but that positive efforts be made to fully explore and maximize areas of mutual interest. We must look beyond Vietnam and recognize that the responsibility for maintaining peace and security will rest primarily with the United States and the Soviet Union for many years to come. As a country, I think we have had enough experience to be able to be realistic about communism without adopting rigid attitudes which only thwart discussion and heighten dangers in an already dangerous world. Certainly we are sufficiently mature and confident as a nation to be able to meet with those countries with whom we have disagreement and to seek accords which promote the cause of peace.

MICHAEL V. DISALLE ADDRESSES YOUNG DEMOCRATIC CLUBS OF MISSOURI, INC.

(Mr. ASHLEY (at the request of Mr. HECHLER of West Virginia) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ASHLEY. Mr. Speaker, recently a distinguished former Governor of Ohio and my very good friend, Michael V. DiSalle, addressed the State convention of Missouri Young Democratic Clubs. Governor DiSalle reviewed the history of great Presidents, pointing out that the truly great ones were often attacked and reviled and that President Johnson will rate a high place in history as a devoted servant to the preservation of peace.

Governor DiSalle's illustrative comments to this youthful audience evidences once again the intellectual